



1 Top TSX Dividend Stock to Start a Self-Directed TFSA Pension

Description

Canadian investors are using their TFSA contribution space to build self-directed [retirement](#) portfolios.

TFSA advantage

The TFSA is a good tool for investors to create a portfolio for retirement. Young savers like the flexibility the TFSA provides, as it allows the removal of cash without penalty in case funds are needed for an emergency. Any withdrawal amount gets added back to the contribution space in the following calendar year.

Retirees like the tax-free earnings that the TFSA generates. In addition, seniors who received Old Age Security (OAS) don't have to worry about TFSA investment income causing a clawback on their OAS pension payments.

The TFSA limit increased by \$6,000 in 2022. The maximum cumulative space available to investors is now \$81,500.

[Dividend stocks](#) tend to be good picks for new investors who want to build a pension fund as well as for those seeking passive income.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) operates natural gas transmission infrastructure, oil pipelines, and power-generation facilities. The natural gas network is the largest part of the overall business and includes more than 90,000 km of pipelines and significant storage capacity.

Investors might think that natural gas demand will drop, as the world invests in renewable energy from solar, wind, and hydroelectric facilities, but these sources can be unreliable due to changing weather conditions, and the power generation can't be increased at times of surging demand. As a result, gas-fired power production will remain important for decades. Natural gas demand is expected to grow in

the coming years, as countries shift from oil and coal to natural gas to produce electricity.

North American natural gas is now in high demand, as Europe looks to reduce reliance on natural gas from Russia. This should boost liquified natural gas exports (LNG) from the United States in the coming years. TC Energy's gas transmission network is positioned well to move the natural gas from producers to the LNG facilities for shipping to international buyers.

Canadian LNG facilities are under construction or in development. Sites on the west coast will send LNG to buyers in Asia. TC Energy is building a new pipeline that will connect Canadian natural gas producers to a new LNG plant in British Columbia.

TC Energy has a \$24 billion capital program on the go that is expected to drive steady revenue and cash flow growth through 2026. This should support annual dividend increase in the 3-5% range. The board raised the payout by 3.4% for 2022. The current distribution provides an annualized yield of 5% at the time of writing.

That's attractive for investors who want to use the dividends to buy new shares and harness the power of compounding to build their wealth. A 5% yield is also appealing to TFSA income investors seeking above-average returns to help offset the impact of inflation.

The bottom line on top stocks for a TFSA

TC Energy is just one top TSX dividend stock that deserves to be on your radar for a self-directed TFSA retirement fund. The stock is up more than 20% in 2022 but still looks attractive as an anchor pick for new investors.

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